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ABSTRACT

New York City's executive budget for fiscal year 1985 provides for significant service increases, after a decade of severe fiscal constraints. The Educational Priorities Panel (EPP) therefore proposes a $50.7 million increase in the education budget of the City Council and the Board of Estimate, to be directed toward the following priorities: (1) restore PEG cut supplanting federal Chapter 1 funds ($13.7 million); (2) increase funding for high schools, contingent on per capita formula ($15.0 million); (3) provide additional support services for middle schools ($5.0 million); (4) provide additional funding for school repairs ($13.0 million); (5) increase funding for school opening fees ($4.0 million). Executive budget service increases endorsed by EPP include reduction of first-grade class size, repairs for school buildings, full funding for special education, and a school health program. These recommendations are discussed in detail, accompanied by illustrative tables and charts. The overall goal of the EPP's budget position is to rebuild a school system better than the one substantially dismantled a decade ago. An appendix presents recommendations to improve special education. (TE)

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INTRODUCTION

The Executive Budget for FY 1985 is unique in New York City's history. After a decade of severe fiscal constraints, service reductions, budget gaps and programs to eliminate them, this budget provides for significant service increases. In contrast to a decade of austerity, the series of press conferences on the budget this year resembled the twelve days of Christmas. Following years of lowered expectations, New Yorkers' appetite for a better quality of life has been whetted.

However, the times of scarcity have taught us to appreciate every dollar, even if we count them by the millions. This time, we have learned how to stretch dollars and eke out services from the most limited budget. Now, when we expect to benefit from the city's economic recovery, we insist on the fullest possible benefit. Therefore, we must keep two maxims in mind. First, while we have learned the lessons of prudence, there is no reason to deny our children a decent education while the city piles up cash surpluses. At the same time, we want to avoid a profligate spending spree to release pent-up frustrations from years of fiscal deprivation. We must remember all of the lessons of the last decade and spend wisely. Just as dollars must be stretched during years of scarcity, we can speed the recovery along if we continue to demand the maximum return in services for every dollar spent.

The Educational Priorities Panel is a child of the fiscal crisis, born out of the need to reduce budgets and increase productivity to save services. But now we are learning how to consider new programs and develop service initiatives. There is no doubt that public school children suffered as the education budget was slashed in 1975 and 1976. Services like small classes, librarians, nurses, counselors, elementary school art, music and physical education, once commonplace, have never been restored. Now is the time to re-establish our public school system. The Mayor has recommended positive first steps, but there is much more to be done, and a conscientious review of revenues will allow for further increases.

However, we are not interested in duplicating 1974's school system. Our children must be prepared for today's rapidly advancing world. They deserve a much better school system and so do the taxpayers who must foot the bill. Therefore we propose a series of budget increases, each linked to a management or service improvement. We are asking the City Council and Board of Estimate to increase the education budget by $50.7 million. We are asking city officials to work with the Board of Education so that our students receive many times that amount in improved services. On the next page is a summary of the priorities we have targeted for funding.

SUMMARY OF BUDGET RECOMMENDATIONS:

1)	Restore PEG cut supplanting federal Chapter I funds	$13.7 million
2)	Increase funding for high schools contingent on a three-year process to provide the equity and flexibility of a per capita formula	15.0 million
3)	Provide additional support services for middle schools, distributed in conjunction with funds to improve attendance and reduce drop-outs, in a focused, well-monitored program	5.0 million
4)	Provide additional funding for school repairs contingent on management improvements and additional savings	13.0 million
5)	Increase funding for school opening fees	4.0 million
	TOTAL	$50.7 million

EXECUTIVE BUDGET SERVICE INCREASES ENDORSED BY EPP

1) Reduction of first grade class size

2) Repairs for school buildings

3) Full funding of the base budget for the Division of Special Education and for alternative services

4) School Health Program

BUDGET OVERVIEW

The FY 1985 Executive Budget proposes spending plans totaling $18.2 billion, almost a billion dollars more than current year expenditures. It includes $3.8 billion for education. There are several bright spots. Without the pressures of budget gaps, this year's budget process is not fettered with numerous unachievable PEG reductions or large unfunded base budget issues. Also, while improving education services for children with handicapping conditions still must concern us, special education's financial needs do not loom over the budget process. Further, the funds for smaller first grade classes and for repairs are very welcome.

Board of Education Increase

However, although the Board of Education's budget has not suffered the disproportionate cuts of prior years, neither does it demonstrate a high priority for education. While the city budget grew by 5.67 percent, the education budget increased by only 5.14 percent, a difference that represents $19.2 million. From another perspective, the total number of city-tax-levy-funded full-time employees will increase by 6.5 percent, but the number of pedagogical employees will increase by only 5.8 percent. (And this is an overstatement since it includes the many special education teachers that are needed, and will actually be hired, this year.) Finally, while the budget allocates considerable additional dollars for education, they are almost exclusively for fixed cost increases and mandated services. In terms of new services for children in

the expense budget, there is very little. The new services -- reduced first grade class size ($12.3 million) plus the badly needed increase for school repairs ($7.0 million) -- represent an increase of barely one-half of one percent. Even including initiatives presented in the January plan for alternatives to special education and health (which are only partially reflected in the education budget itself) the service increase is only $27.6 million, or three-quarters of one percent.

Revenues

The current projection is that the City of New York will close FY 1984 with a surplus somewhat greater than $550 million. This is more than last year's $507 million surplus (FY 1982 was $379 million; FY 1981 was $486 million). The trend is disturbing because it unnecessarily denies city residents needed services. Underbudgeting for education is especially dangerous because unlike other city services, classes cannot be reorganized and services added mid-year.

In each year since 1979, actual tax revenues (especially those which are economically sensitive) have been higher than anticipated. In fact, tax collections (excluding property taxes) from July 1983 through February 1984 have increased over the same period during the prior year by nearly 15 percent. This, coupled with an increased rate of real estate tax collections and expenditure reductions, has in large measure contributed to the surplus.

Over the last three years the major use of those funds -- approximately three-quarters of a billion dollars -- has been to

pre-pay debt service, thus reducing future years' budget outlays for this purpose.

For FY 1985 we continue to have the benefit of a prior year's surplus (which reduces debt service) coupled with revenue estimates for 1985 which are relatively conservative. Obviously, the two percent labor settlement funded in the budget will not be sufficient. However, it is clear that next year we will have sufficient funds for both reasonable new contracts with municipal employees plus additional services. Our public school children must share in the benefits of these funds to replace some of what they have lost over the last decade.

From the state, we have additional funds also, and once again the Mayor has passed these funds through to the Board of Education in their entirety. Some of the increase is dedicated to mandated new services (such as dropout prevention), or to other categorical uses (such as staff development). Therefore, they do not address existing inequities in the basic state aid formula.

One addition in state aid supported by the EPP was a doubling of funds, from $4 million to $8 million, for Limited English Proficient (LEP) students. However, we have heard of no plans for an expansion of services for this population. With such a substantial proportionate increase, we would expect to see a noticeable difference in the level of bilingual and ESL services, and are looking forward to these initiatives.

Special Education

The January Financial Plan linked improvements in services to irresponsible and unachievable savings in the Division of Special Education. It is to the city's credit that the Executive budget has rectified the egregious errors in this area. First, the base budget now accounts for both current registers and reasonable register projections for next year as well as funding specific mandated items (e.g. related services, advertising requirements, the new computerized tracking system, health aides, and personnel for triennial evaluations). Second, although there are projected savings due to various prevention initiatives, there is no longer the implication that student evaluations and placements be guided by the quotas in the budget. The budget figures are projections of next year's fiscal needs, with the assurance that funds will be provided for the required services. Also, since the budget currently assumes register growth, it is possible that the availability of alternative services will reduce register increases from previous years. This turns the January plan's faulty logic that prevention could have an effect, after-the-fact, on current registers into something more closely resembling reality. If there are to be positive results, the Board must distribute funds for preventive services in a targeted manner, in response to a specific plan. The plan should include school-based staff training in the new services. These programs must be closely monitored to determine the successful practices.

Students should never be pitted against one another. There is one school system for all children, not a dual system that categorizes

children. Educational improvements cannot be bought by limiting necessary services for some students. While services for children with handicapping conditions must be improved (as the Educational Priorities Panel elaborated in testimony in March), it is clear that the numbers of students receiving special services will be reduced only when the entire education system offers considerably more individual attention and alternative programs. (Appendix I includes the EPP's recommendations for improving special education, from testimony on the January Financial Plan.)

First Grade Class Size

The EPP applauds the move to reduce the number of students in first grade classes as the logical school improvement follow-up to the expanded kindergarten program. Increased individual attention and student-teacher contact will surely make a difference in these children's development at this crucial stage.

However, we must raise the warning flag about careful implementation of the program in order to avoid the problems encountered as a result of the introduction of full-day kindergarten in some schools. Some districts will have serious space problems (especially after having absorbed the new kindergarten classes); in others the hiring of additional staff will be a challenge, and all will have to confront the need to train new or re-assigned staff. Let us make sure these wrinkles are ironed out and detailed plans are drawn so we do not subject six-year-olds to unnecessary turmoil in the fall or deny other children facilities and services (such

as libraries and gyms) they deserve. Once again, the opportunity to spend is not a license to spend unwisely.

The EPP also supports the Mayor's initiative in building repairs, but would increase the allocation further. (See pages 25 to 27 for a full discussion.)

NECESSARY RESTORATIONS

This year's program of administrative cuts is by and large reasonable. However, there is one major problem in the PEG. There is a suggestion that $13.7 million in increased federal Chapter I funds (remedial programs for the disadvantaged) be used to offset city tax levy expenditures in special education. These funds are a result of an increase in the Chapter I Congressional appropriation. (Actually, New York City is receiving an increase of almost $18 million, but only $13.7 million is being applied to the savings program.) Chapter I funds are supposed to be used for supplemental services to eligible students who are behind in basic skills. Although there are additional funds, they do not represent a service increase; they will cover only current service levels and fixed cost increases (e.g. salary increments, increased Social Security taxes and other fringe benefits) to maintain our Chapter I programs. The city's proposal to use the additional dollars instead to supplant tax levy revenues has two problems. First, because of the fixed cost increases, without the extra money, remedial programs will be reduced. Second, and more important, the suggested action will place New York City in non-compliance

with federal regulations. In fact, it could jeopardize our reimbursement.

Chapter I funds cannot be used for mandated special education services. They can only be used for supplemental remedial services, services in addition to required special education programs. There are a few Chapter I special education programs, a very few. However, in the face of continuing placement delays and teacher shortages, does anyone really think that the Board of Education is providing $13.7 million in non-mandated, supplemental services for special education students with city tax levy dollars that could be switched to federal funding? That is the only way this PEG savings could be justified.

Unfortunately, the suggestion is not only unreasonable, but this is the second year that a similar proposal to supplant federal funds has been made. And it must be the second year that such a tactic is repudiated and the dollars are restored.

NEW SERVICES

The Educational Priorities Panel is proposing new service initiatives in four areas:

A) high school allocations;

B) guidance and support services in the middle schools;

C) opening fees for after-school programs;

D) school repairs.

A detailed description of these proposals follows:

A. High School Allocations -- $15 Million

While high schools have been the focus of the national debate surrounding education, they are the one area that has been overlooked by the Executive Budget.

This is not to denigrate the crucial importance of early grades. The members of the Educational Priorities Panel have always supported initiatives in the early grades. As the Mayor points out in the budget message, "Reduced class sizes in the early, formative years with an emphasis on the basics is the single most important thing we can do to help our children learn to read, write and do math --- the skills they must have to lead productive, independent lives." However, that is not the end of our responsibility; there is much more that we must teach our young people, many more experiences they must explore as they mature and build upon those basic skills. No youngster will succeed without the fundamental tools of learning, but few will be able to succeed if their education is neglected in later years.

There are two major imperatives for supporting our city's high schools. First, in their own right, high schools are the appropriate arenas for adolescents to develop their skills, explore various subjects and prepare for future employment and further education. In addition, New York City high schools are bearing the burden of the results of the fiscal crisis. It is these students in high school today who lost 90 minutes of instruction from their first and second grade classes each week. The same young people who bore the service cuts and increased class size, the

young people who never received that "single most important thing" that the Mayor believes we should do to help our children, are now fifteen and sixteen years old, and only half of them can be expected to even graduate from high school.

High school services must be improved. A few statistics will demonstrate the job ahead in combatting the effects of the fiscal crisis:

- From fall 1973 to fall 1977, the ratio of students to teachers in academic schools increased by 26.6 percent;
- During the same period, the ratio of students to teachers in vocational schools increased by 32.5 percent;
- From fall 1973 to fall 1983, average class size in academic schools rose by 16.6 percent and by 17.9 percent in vocational schools. There are currently more than 12,000 classes with more than 34 students (the contractual limit);
- During the same ten-year period, while graduation requirements for high school students increased, funding per high school student decreased by 5 percent in academic schools and 7.8 percent in vocational schools (measured in constant units);
- In 1983-84, the Program to Raise Educational Performance (PREP) was mounted to assist students reading below grade level. While the program had numerous start-up problems, these became insurmountable due to a lack of funding. More than $2.9 million was shifted away from other remedial programs, and even with this "robbing Peter to pay Paul," there were never adequate funds for the program design.

It is clear that we must rebuild the high schools, but not just to mirror the system of 1974. Those high schools were better staffed, but they had problems as well. The Educational Priorities Panel has studied the high schools in depth, beginning with a 1979 study of the allocation of funds to individual high schools. There are two key ingredients to improving the high schools. First, principals must have the authority and flexibility to develop

appropriate and successful programs for students in their schools. Our high school population includes students at every academic level, interested in every conceivable vocation, brought up in dozens of different ethnic communities. No program developed centrally, as if by cookie cutter, and distributed to over one hundred high schools will succeed. Of course, school programs must be closely monitored and they must meet specific standards. (The State Education Department is now preparing to implement the standards of the new Regents Action Plan and the accompanying technical assistance.) However, principals, in conjunction with their staff, must take the lead, as is demonstrated by the literature on school improvement.

The second issue is a specific question of budget and appropriations. The high schol allocation formula must be equitable and provide incentives to develop necessary services and successful program approaches. The current formula does not meet these criteria and must be reformed in conjunction with the addition of new funds. Additional dollars should be used to reduce class size and increase guidance and support services. However, the current formula discourages both of these initiatives, and worse, it does not comply with basic notions of equity.

What Is Wrong With The Way We Fund Our High Schools?

The Board of Education uses a formula to allocate funds to each of the city's high schools. The formula has numerous factors to measure how much money a school needs to continue the current level of services. However, there are several major problems.

First of all, in many schools, the current level is inadequate. While one school offers every student at least seven courses daily including a wide range of electives, another barely offers anyone six classes and there is little variety or specialization among the required survey English and history courses.

In 1979, the EPP released its first study of this allocation formula. At that time, the best-funded school received one unit (equivalent to the average teacher's salary) for every 14.45 students, while another school received only one unit for every 22.63 students (see Table 1). These figures reflect total tax levy funding, both formula units and additional discrete (or discretionary) funds, granted by the Executive Director of the High School Division or the Borough Superintendents. However, we found the same disparities whether we analyzed total funding or only the funds generated by the formula: in either case the best-funded school received 57-58 percent more than the poorest school.

Since that time, we have worked with the High School Division. While they have never accepted our recommendation for a complete overhaul of the formula, to the credit of staff at the Division, there have been reforms. The disparity between the best-and least-funded schools has been reduced in terms of formula units to 48 percent -- a significant decrease but still an unacceptable inequity. However, if we include discretionary funds, the difference grows to 103 percent! In fall 1983, the mean or average level of funding for a high school, based only on formula units, was one unit for every 18.94 students. Schools ranged from one unit for every

TABLE 1

	TOTAL NET UNITS: ACTUAL REGISTERS		FORMULA UNITS: ESTIMATED ALLOTMENT REGISTERS	
	Fall 1977:	Fall 1983:	Fall 1978:	Fall 1983:
MINIMUM:	1 Unit/22.63 Students	1 U./22.54 S.	1 U./25.45 Students	1 U./22.05 S.
MAXIMUM:	1 Unit/14.45 Students	1 U./11.08 S.*	1 Unit/16.10 Students	1 U./14.31 S.
WEIGHTED MEAN:	1 Unit/19.51 Students	1 U./18.36 S.	1 Unit/21.31 Students	1 U./18.94 S.

DIFFERENCE BETWEEN WORST AND BEST-FUNDED SCHOOLS:

Total Net Units: Actual Registers		Formula Units: Estimated Allotment Registers	
Fall 1977:	Fall 1983:	Fall 1978:	Fall 1983:
57%	103%*	58%	48%

DIFFERENCE BETWEEN WORST-FUNDED AND MEAN:

Total Net Units: Actual Registers		Formula Units: Estimated Allotment Registers	
Fall 1977:	Fall 1983:	Fall 1978:	Fall 1983:
35%	23%	19%	16.4%

* This best-funded school, when discretionary units are considered, is A. Philip Randolph, a small, relatively new school. The second school, Alexander Hamilton, receives one unit for every 12.33 students, which is still a difference of 83%.

14.91 students up to one unit for every 22.05 students.* Total tax levy funding, including discrete units, ranged from one unit for every 11.08 students to one unit for every 22.54 students. Focusing on the formula itself, 43 schools are funded below the average. It would require 302.88 units, or $11,115,567** just to bring these schools up to the average.

The impact of these funding levels is not entirely random. Tables 2, 3, 4 and 5 list the best-funded and worst-funded schools. The best-funded schools are almost exclusively vocational. This is a result of a factor in the formula that recognizes the class size limit of 28 for shop classes (as opposed to 34 for regular classes). While our vocational schools are hardly basking in riches, this one provision, combined with federal VEA funds for equipment and supplies allows them to provide programs which attract students and achieve better attendance and lower dropout rates. Of course, money alone, especially when better-funded still means a shoe-string budget, is not the answer. Not every vocational school meets our standards of excellence. However, there is a strong correlation between funding, program, and performance. All of the poorly-funded

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* These figures do not include Manhattan Center for Arts and Sciences and the High School for the Humanities. These two schools are new and very small; their funding, with high start-up costs, would further skew the results. Alternative schools are also not included. They are funded at a strict per capita rate of one unit per 16 students.

** This figure assumes the current average high school teacher's salary, $31,500, and does not include fringe benefits. Significant additions of new high school teachers with these funds would decrease the average salary, even with the budgeted two percent increase as a result of a new contract.

TABLE 2
BEST-FUNDED SCHOOLS, 1983
(One unit for every 16.2 students or better)

TOTAL NET UNITS
(including discretionary units from the Borough Superintendent or Executive Director and School Aide hours)

	Name of High School:	# Students Per 1 Unit	Type of School:
1.	A. Philip Randolph	11.08	Academic
2.	Alexander Hamilton	12.33	Vocational
3.	Manhattan Vocational	12.41	Vocational
4.	Aviation	14.18	Vocational
5.	Ralph McKee	14.26	Vocational
6.	Bay Ridge	14.67	Academic
7.	Alfred E. Smith	14.89	Vocational
8.	Mabel Dean Bacon	15.18	Vocational
9.	Queens Vocational	15.22	Vocational
10.	George Westinghouse	15.50	Vocational
11.	Fiorello H. LaGuardia	15.61	Performing Arts/Music & Art
12.	Samuel Gompers	15.61	Vocational
13.	Chelsea	15.70	Vocational
14.	Automotive	15.76	Vocational
15.	Thomas A. Edison	16.17	Vocational
16.	H.S. of Graphic Communication Arts	16.20	Vocational

TABLE 3
WORST-FUNDED SCHOOLS, 1983
(One unit for every 19.9 students or worse)

TOTAL NET UNITS
(including discretionary units from the Borough Superintendent or Executive Director and School Aide hours)

	Name of High School:	# Students Per 1 Unit	Type of School:
1.	F.K. Lane	22.54	Academic
2.	Walton	21.65	Academic
3.	Eastern District	21.45	Academic
4.	Fort Hamilton	21.33	Academic
5.	Evander Childs	21.08	Academic
6.	Julia Richman	21.03	Academic
7.	Boys and Girls	20.85	Academic
8.	South Shore	20.66	Academic
9.	Adlai E. Stevenson	20.54	Academic
10.	Martin Luther King, Jr.	20.46	Academic
11.	Springfield Gardens	20.17	Academic
12.	George Washington	20.10	Academic
13.	John Jay	20.07	Academic
14.	Christopher Columbus	20.06	Academic
15.	Erasmus Hall	19.91	Academic

TABLE 4
BEST-FUNDED SCHOOLS, 1983
(One unit for every 16 students or better)

FORMULA UNITS ONLY

	Name of High School:	# Students Per 1 Unit	Type of School:
1.	Aviation	14.91	Vocational (plus additional FAA course requirements)
2.	Alexander Hamilton	15.12	Vocational
3.	Queens Vocational	15.45	Vocational
4.	East New York	16.13	Vocational
5.	Alfred E. Smith	16.18	Vocational
6.	South Bronx	16.37	Academic
7.	George Westinghouse	16.56	Vocational
8.	Automotive	16.57	Vocational
9.	Samuel Gompers	16.60	Vocational
10.	Ralph McKee	16.70	Vocational
11.	William E. Grady	16.77	Vocational
12.	William H. Maxwell	16.84	Vocational
13.	A. Phillip Randolph	16.85	Relatively new, small school
14.	Chelsea	16.87	Vocational
15.	Bay Ridge	16.94	Academic
16.	Art & Design	16.95	Vocational
17.	John Dewey	16.96	Extended School Day Program

TABLE 5
WORST-FUNDED SCHOOLS, 1983
(One unit for every 20 students or worse)

FORMULA UNITS ONLY

	Name of High School:	# Students Per 1 Unit	Type of School:
1.	Thomas Jefferson	22.05	Zoned Academic
2.	Julia Richman	21.66	Zoned Academic
3.	Walton	21.58	Zoned Academic
4.	John F. Kenredy	21.52	Zoned Academic
5.	Franklin K. Lane	21.47	Zoned Academic
6.	Evander Childs	21.33	Zoned Academic
7.	John Jay	20.78	Zoned Academic
8.	South Shore	20.60	Zoned Academic
9.	Christopher Columbus	20.43	Zoned Academic
10.	George Washington	20.42	Zoned Academic
11.	Theodore Roosevelt	20.39	Zoned Academic
12.	Fort Hamilton	20.38	Zoned Academic
13.	DeWitt Clinton	20.32	Zoned Academic
14.	Seward Park	20.19	Zoned Academic
15.	Washington Irving	20.09	Zoned Academic

schools are academic/comprehensive schools, without many of the resources the special and vocational schools have to develop special programs to attract and motivate students. Of the 15 poorest-funded schools on Table 5, 13 have dropout rates higher than either their borough or the citywide average. Similar relationships are evident if we examine attendance rates or measures of academic achievement.

However, though dollars are needed, they are not the total answer to formula reform. The current formula has a second flaw. It is based on the "curriculum index," the average number of academic classes taken by students each day. This factor in the formula is an incentive to increase class size and therefore accommodate more students at less cost with greater reimbursement. It also discourages the offering of advanced classes or specialized courses which do not attract large numbers of students, and the addition of staff to provide guidance and support services. And since classes are crammed, school staff is disinclined to strive for full attendance. Anyway, schools cannot afford to spend funds on attendance teachers, family workers, and guidance because the formula does not fully account for the costs of those kinds of staff. The mathematics of the formula means that if one unit is used to hire a teacher to teach five periods with 34 students in each class, the next year that one unit turns into 1.13 units. However, if one unit is used to hire a vocational counselor and students spend afternoons at a work site, the school will lose funds the next year. Losses will likewise be incurred if a teacher-coordinator is given time to reach out to business to identify job opportunities or develop a

new program geared to current employer needs. Thus, it is no surprise that we have oversized classes and frustrated students and teachers.

The answer is a switch to a per capita funding formula. This would provide roughly equivalent funding for each student for whatever services are most appropriate and not prescribe one narrow approach for high school programs. Unfortunately, the breadth of the existing inequity makes it impossible to correct the problem at once. The EPP suggests a three-year program to convert to a per capita formula and improve funding and services at all high schools. We should begin this year with $15 million, $11 million to bring the poorest schools to this year's average per capita funding and $4 million to allow the remaining schools to increase services and begin to provide the high standard of services necessary.

B. Guidance and Support Services for Middle Schools -- $5 Million

The additional funding for the high schools will provide for guidance and support services. However, these services are urgently required in the districts as well. Junior high and intermediate schools are particularly devoid of such services. With 170 middle schools, there were only 233 guidance counselors in 1981-82, or one for every 810 students. This May's payrolls record fewer than 200 counselors. The lack of services for students at this period translates into 1,800 students who never complete the admissions process and enter high school. Many thousands more never receive assistance to complete an application and identify an appropriate

high school, much less attention for any more complicated, personal problems.

As the school system begins to build back a guidance and support system for students, we must not be limited to a single approach, that of hiring guidance counselors. Counselors offer important services, successful in specific situations. However, as discussed above, with myriad student problems and strengths, there must be a range of responses.

What will be the result of $5 million for guidance and support services in the community school districts? To begin with the Board of Education's traditional response, $5 million can pay for 200 new guidance counselors. However, the Board of Education must be challenged to explore more creative approaches to maximize the impact of available funds. The funds must be coordinated in a comprehensive network of support services for students. This should include the $4 million which was distributed to districts during the current year for alternative support services, the $22 million in state categorical funds for attendance and retention improvement (which should be largely targeted to the pre-high school years), and this proposed increase of $5 million for the districts. Currently, our schools too often house several programs, each with its own staff who are frustrated by inadequate resources and lack of continuity. Comprehensive planning should end the piecemeal approach which creates cracks through which students are always slipping. Plans should emanate from schools and districts, to be monitored by the Central Board, not dictated. These plans

should include opportunities for all school staff to meet and exchange information on available programs and resources, their goals, appropriate referrals, successes, and problems.

What other support services beside guidance counselors could be purchased with these funds, and how much would the additional $5 million buy? Successful programs abound in the school system. For example, family workers, or paraprofessionals who make home visits and establish contact with a student's family to help improve attendance are successful in many school programs. Five million dollars will pay for 660 family assistants working a full school year.* Other schools have found that it is more beneficial to use funds to free teachers for several periods each day, so that they are available to provide support services, especially to students who already know them.

Another alternative is the model of the SPARK program, which provides small structured peer groups supervised by a teacher to prevent substance abuse. A similar model can be used to address other social and emotional stresses that confront adolescents. There are examples throughout the system of programs which combine teachers, coordinators, school aides, paraprofessionals, or guidance counselors, to provide comprehensive services to meet student needs. We must fund and encourage these efforts.

Finally, school districts should explore the possibility of contracting with community-based social service agencies, a recom-

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* ($7 an hour average salary for instructional paraprofessionals x 5 hours x 180 days, + 20 percent fringes = $7,560.)

mendation originally made in the EPP's 1980 study of attendance. For example, Federation Employment Guidance Service (FEGS) is currently serving 2,000 students in five high schools for $1.8 million in Operaton Success. Program evaluations have demonstrated the program's success in increasing attendance and working with potential dropouts, long-term absentees and students with poor academic skills. The program is able to provide vocational counseling and to develop work experiences, internships, and job training slots. Case managers establish a relationship with each student and coordinate their programs. Events and programs are also organized on a school-wide basis and students' parents have access to FEGS programs.

On a smaller scale, the School Liaison Project of Pope Pius XII Bronx Family Service Center worked with 215 students last year in three Bronx community school districts and high schools who had been referred from Family Court. All of them had school-related problems; more than 60 percent were truants. Services included individual counseling, education advocacy to assure they were placed in an appropriate school program, group counseling and activities, and services for their parents, when appropriate. Again, this program has documented improvements in student attendance and reduction in education-related problems.

Also on the middle grade level, the Grand Academy in District 1 is an outstanding example of school-community cooperation. The program serves 90 Gates extension students -- those who have twice failed to pass the fourth and seventh grade Promotional Gates -- by

combining the educational services of the school district with the support services of the Grand Street Settlement House. The youngsters attend classes conducted by district teachers at the Settlement, and also receive counseling, home visits, after-school programs and an introductory vocational preparation course. District and Settlement staff meet regularly. The total budget is $438,000. Last year's seventh graders improved their attendance, reading and math significantly. It is interesting to note that school-based seventh grade extension programs failed to achieve such gains.

These programs are not unique, but are discussed as examples of the types of services that can be provided when schools reach out to their communities and explore creative approaches. In addition to offering their own resources, these models also have the advantage of increasing contacts with other community agencies that can benefit young people and their families.

C. Opening Fees for After-School Programs -- $4 Million

We must encourage programs for students after school by making school facilities available. An additional $4 million will pay the average custodial fees to open 415 more schools, Monday through Friday, for eight months for one session (3-5 pm, 5-7 pm, or 7-10 pm). Or, schools that are currently open, or a smaller number of additional buildings, can be opened for longer hours. Another alternative is to open fewer schools, but also absorb the rental fees. The proposed increase more than doubles current Module 3 funds for opening fees. Non-profit organizations will still have to negotiate the space rental fees, which districts absorb in some

cases. The school openings should be coordinated with the Youth Bureau's after-school programs. Almost one-third of the Youth Bureau's after-school budget is currently absorbed by these opening and rental fees.

The problem of latch-key children and the absence of child care, recreational activities, and other after-school programs affect vast numbers of school children. In one survey of almost 64,000 families in 32 school districts, an amazing 79 percent expressed a need for an after-school program. The schools should be the focal point of youth services in our communities, welcoming in neighborhood service providers to their facilities.

D. School Repairs and Maintenance -- $13 Million

The sad physical condition of many of the city's 900 school buildings has been acknowledged and amply documented by parents, school administrators and city officials who have expressed concern, dismay and even outrage. This year their voices have grown even more insistent as the fetters of the fiscal crisis loosen and help seems on the way.

The EPP shares this priority. Our own study "Rebuilding Our Schools" (May 1984) confirmed the decrepit condition of school facilities and the demoralizing effect of working in those surroundings on students and staff alike. "How do you instill a sense of respect for education in a child when gaping holes in the ceiling tell him that nobody cares?" asked EPP Coordinator Amina Abdur-Rahman upon releasing the report.

To attack the problem, the Mayor has emphasized a major capital investment over the next five years. Undoubtedly this is needed to correct the ravages of old age in our buildings and the effects of almost a decade of neglect since 1975. However, unless we also substantially beef-up the expense budget for ongoing maintenance and repairs, we will always be in the position of spending millions to correct damage that a timely investment of thousands could have prevented. We must embark on such a planned effort.

The EPP is recommending a five-year $80 million strategy that would increase the Division of School Buildings' expenditures by $20 million in 1985 and by $15 million for each of the four following years. For next year, that is $13 million more than the Mayor has proposed and $5 million more than the City Council's suggestion.

However, the EPP plan has one important distinction -- a distinction that grows out of our management study of DSB. While we acknowledge the role of age and neglect in the schools' deterioration, we also place partial responsibility on poor management at DSB. DSB has failed to exercise adequate control in three major areas:

- It has failed to set priorities and allocate resources efficiently for needed school repairs, resulting in huge and growing backlogs in contracts and erratic scheduling of shop work except in emergencies.
- It has failed to work out an agreement with custodians that would encourage greater cooperation with principals and increase the small repair responsibilities of building custodians.
- It has failed to oversee outside contractors, ensure the satisfactory completion of work by outside companies, and eliminate design and construction flaws.

The EPP has recommended management improvements that we estimate (very conservatively) could save more than $32 million over the next five years. Future budget increases by DSB should be contingent upon the implementation of these improvements. About seven and a half million of these savings can be achieved through:

- expansion of the Resource Planning Teams to all the boroughs and implementation of an efficient manpower allocation system;
- increased computerization and streamlining of an extremely paper-intensive repair request system; and
- various purchasing and contracting reforms that would give both DSB and individual schools greater authority and control and increase responsiveness to school needs.

Among the latter is a change in the state education law to allow managers discretion in awarding contracts of up to $10,000 without Board of Education approval, an increase from the current limit of $5,000. This would give DSB equal authority with city agencies and would save more than eight weeks in awarding each contract. The City Council should send a home rule message to Albany requesting this change. We have also recommended that DSB purchase its own supplies, that schools and districts be able to award small contracts, and that there be a greater role for the principal in setting school repair priorities with the custodian and in evaluating the custodian's performance.

The remaining $25 million represent savings that could be made by implementing a cooperative "gain-sharing" arrangement with school custodians to encourage them to make small repairs themselves instead of requesting an area or central shop mechanic. Through

this arrangement, custodians would be allowed to keep a percentage of the savings they generate by making repairs themselves. The $25 million savings we project is a net savings for the Board, and doesn't count the additional income for the custodians, which could be considerable. Of course, the custodian should document the repairs and the principal should verify their completion.

Adding more money for school repairs and maintenance is a necessary but not sufficient prerequisite for rebuilding our schools. Students, teachers and taxpayers alike have a right to expect more efficient use of those funds than they have received in the past.

D. CONCLUSION

The goal of the EPP's budget position this year has been to begin to rebuild a school system that is better than the one that was substantially dismantled a decade ago. Let us spend prudently, and link every new dollar to a service or management improvement. But let us not wait any longer. While adults may understand the exigencies of economics, and may be willing to wait for better days, school children do not have that luxury. The children who entered the first grade in 1975 have completed their elementary school years deprived of educational services once considered "basic." Those years cannot be replaced. Soon these youngsters, now teenagers, will be out of high school. We must not lose an entire generation when we have the wherewithal to do better.

APPENDIX I

EPP Recommendations to Improve Special Education

- First, preventive services must be given the same budget and staffing priority that has previously been given to evaluations.

- The City has proposed alternatives using Department of Mental Health services. All other youth services should be examined in a similar light. For many children, the Mayor's School Health Initiative can also be a preventive measure.

- It is clearly illegal under current state law to prevent a teacher from making a direct referral, however we should and can develop alternative services and support systems so that the referral is not necessary. In addition to these alternative programs, sufficient numbers of School-Based Support Teams would be able to provide pre-referral advice and consultation, short term services for students, and ongoing staff training for both regular and special education students. Staff training is essential.

- All triennial reevaluations must be completed as mandated by law and must not be allowed to accumulate as they have done in the past. In addition there should be a "trigger" to prompt reevaluation without delay at the request of a student teacher if there is the suspicion of an inappropriate placement.

- In order to comply with state regulations, the Division of Special Education is developing "entry and exit" criteria for special education. There must be a specific and clearly delineated as possible. This accompanied by staff training and supervision to ensure the validity and appropriateness of evaluation and placement decisions. There should also be a review of evaluation instruments, to reflect these standards.

- These same measures are urgently required to prevent the current racial and ethnic discrimination reflected in special education placements. New procedures have been developed as part of the Lora case should be implemented as a starting point.

- The EPP's July 1981 study of special education recommended that on the school level, special education classes be clustered so as to provide a range of services. Based on case studies, we found that the most effective special education programs and the greatest potential for regular education to reap benefits resulted from the assignment of a special education coordinator to supervise programs, provide staff support and coordinate with regular education. Also the activities of regular and special education guidance counselors should be coordinated to maximize resources.

(more)

- THE MAYOR'S BUDGET AGAIN ECHOES EPP'S RECOMMENDATIONS TO OBTAIN MEDICAID REIMBURSEMENT FOR ELIGIBLE SERVICES. HOWEVER, THE CITY MUST ACTIVELY PURSUE THIS STRATEGY WITH THE BOARD OF EDUCATION IF THE NECESSARY STATE APPROVAL IS TO BE OBTAINED.

- FINALLY THE EPP HAS INCLUDED SPECIFIC RECOMMENDATIONS REGARDING SPECIAL EDUCATION IN OUR STATE AID PROPOSALS. THE STATE MUST FUND THE ADDITIONAL COSTS FOR SPECIAL EDUCATION AND PROVIDE INCENTIVES FOR PLACEMENT IN THE LEAST RESTRICTIVE ENVIRONMENT.